

**TENNESSEE LOCAL DEVELOPMENT AUTHORITY**  
**February 26, 2015**

The Tennessee Local Development Authority (the "Authority" or "TLDA") met on Thursday, February 26, 2015, at 11:00 a.m. in room G-11, State Capitol, Nashville, Tennessee. The Honorable Tre Hargett, Secretary of State, was present and presided as Vice-Chair.

The following members were also present:

The Honorable Justin Wilson, Comptroller of the Treasury  
The Honorable David Lillard, State Treasurer  
Commissioner Larry Martin, Department of Finance and Administration

The following member participated telephonically as authorized by Tennessee Code Annotated Section 8-44-108 and as posted in the meeting notice:

Dr. Kenneth Moore, House Appointee

The following members were absent:

The Honorable Bill Haslam, Governor  
Mr. Pat Wolfe, Senate Appointee

Recognizing a physical quorum present, Mr. Hargett called the meeting to order and performed a roll-call. Notice was posted stating that Dr. Moore would be participating by telephone.

Dr. Moore – Present  
Mr. Martin – Present  
Mr. Hargett – Present  
Mr. Lillard – Present  
Mr. Wilson – Present

Mr. Hargett asked for a motion to approve the minutes of the December 16, 2014, meeting. Mr. Lillard made a motion to approve the minutes, and Mr. Wilson seconded the motion. A roll-call vote was taken:

Dr. Moore – Aye  
Mr. Martin – Aye  
Mr. Hargett – Aye  
Mr. Wilson – Aye  
Mr. Lillard – Aye

The minutes were unanimously approved.

Mr. Hargett stated that the next item of business was an update on Qualified Energy Conservation Bond (QECB) projects. He recognized Senior Program Manager Mr. Luke Gebhard from the Tennessee Department of Environment and Conservation (TDEC). Mr. Gebhard stated that on February 9, 2015, the City of Memphis (the City) sent a letter requesting an extension on 3 of 4 Green Community Projects to TDEC's Office of Energy Programs (OEP) and to Assistant Attorney General David Burn. He stated that OEP and the Attorney General's office agreed to allow a third and final 60-day extension for the Self Tucker and Knowledge Quest projects. He stated that because the Southbrook project was not in the jurisdiction of the City Center Revenue Finance Corporation (CCRFC), the suballocation would have to be returned to the State. Mr. Gebhard stated that if the OEP and TLDA decide to move forward with

another suballocation process that the City would be invited to reapply with a different conduit issuer. Next, Mr. Gebhard provided an update on the City of Clarksville's Large Local Jurisdiction allocation in the amount of \$1,241,344, which they used for a street lighting project. He stated that paperwork is being finalized for bond issuance. Lastly, Mr. Gebhard stated that bond issuance for the Memphis Crosstown project closed on February 11, 2015.

Mr. Hargett recognized Mr. Sherwin Smith, Director of TDEC's State Revolving Fund (SRF) loan program, to discuss the Ability to Pay Index (ATPI). This was an update to the discussion held in the October 8, 2014, meeting. Mr. Smith stated the completed data was received from the University of Tennessee Center of Business and Economic Research. Mr. Smith explained that the data was used to reconfigure the ATPI which is used when recommending interest rates for loan applications. He said that copies of TDEC's SRF operating policies that include the ATPI ranges were included in the meeting materials. This would apply to completed loan applications received by TDEC on or after the policy effective date of January 1, 2015.

Mr. Hargett asked Mr. Smith to present the requests for Clean Water SRF loans. Mr. Smith stated the unobligated fund balance was \$201,435,487 as of October 8, 2014. The balance had increased a total of \$27,360 due to a loan reduction which brought the unobligated balance to \$201,462,847 prior to the consideration of loan applications to be presented at this meeting. If all requests were approved as presented, the funds available for loan obligations would be \$183,229,847. He then described each loan request:

- Town of Carthage (CW3 2014-344)—Requesting \$625,000 (\$593,750 SRF loan; \$31,250 principal forgiveness) for pump station rehabilitation/replacement (replace existing main pump station; recommended interest rate of 0.83% based on the ATPI.
- City of Cleveland (CG4 2015-349)—Requesting \$2,500,000 (\$2,325,000 SRF loan; \$175,000 principal forgiveness) for Green-water meter replacements; recommended interest rate of 1.38% based on the ATPI.
- City of Crossville (CW1 2015-346)—Requesting \$1,950,000 (\$1,755,000 SRF loan; \$195,000 principal forgiveness) for I/I Correction (Dayton Avenue/Oakmont Drive, Miller Avenue/Harper Lane, and Holiday Drive areas); recommended interest rate of 1.61% based on ATPI.
- Town of Erwin (CG3 2014-341)—Requesting \$4,000,000 (\$3,800,000 SRF loan; \$200,000 principal forgiveness) for I/I Correction (approximately 8,000 linear feet of sewer lines—Carolina Avenue, downtown main interceptor/Car Shop Road, Elm, Gay, Catawba, Ash, and Academy Streets) and Wastewater Treatment Plant (WWTP) improvements (new splitter box, clarifier, effluent covers, converts RBC's from series to parallel operation, jet chlorination with control system, and effluent pump station; recommended interest rate of 1.39% based on the ATPI.

Mr. Smith noted that the Town of Erwin's application was the first request to come before the Authority with a request for a 30-year loan term, which was made allowable under recent amendments to the Federal regulations governing the SRF program. Mr. Smith then continued with the presentation of the remaining Clean Water SRF loan requests:

- City of Fayetteville (CG4 2015-350)-- Requesting \$4,000,000 (\$3,720,000 SRF loan; \$280,000 principal forgiveness) for GREEN WWTP improvements (repairs/replace return sludge pumps; improvements to the clarifier, aeration process, digester, SCAD, Electrical, and lab building, and construction of a Class A Biosolids Facility and Dewatering Facility); recommended interest rate of 1.38% based on the ATPI.
- City of Fayetteville (CG2 2015-351)-- Requesting \$1,700,000 for GREEN WWTP improvements (repairs/replace return sludge pumps; improvements to the clarifier, aeration process, digester, SCAD, Electrical, and lab building, and construction of a Class A Biosolids Facility and Dewatering Facility); recommended interest rate of 1.38% based on the ATPI.

- Town of Oliver Springs (CW4 2015-348)—Requesting \$3,458,000 (\$3,215,940 SRF loan; \$242,060 principal forgiveness) for WWTP improvements (replace headworks and blowers, new pumps, electrical and mechanical repairs, SCADA upgrades, new sludge holding facilities, and replace existing EQ basin at WWTP); recommended interest rate of 0.68% based on the ATPI.

Mr. Lillard made a motion to approve the clean water loan requests. Mr. Wilson seconded the motion.

A roll-call vote was taken:

Mr. Martin – Aye  
Mr. Lillard – Aye  
Mr. Wilson – Aye  
Dr. Moore – Aye  
Mr. Hargett – Aye

The motion passed unanimously.

Mr. Hargett stated that the next item of business was consideration for approval of Drinking Water SRF loan requests. He asked Mr. Smith to present the requests. Mr. Smith first presented the unobligated fund balance. He stated the balance was \$51,808,654 as of October 8, 2014. The balance increased a total of \$2,715,185 due to early payoffs and decreases of loans. These brought the unobligated balance to \$54,523,839 as of the date of this meeting. Upon approval of the loan requests to be presented, the funds available for loan obligations would decrease to \$52,073,839. He then described each loan request:

- Bloomingdale Utility District (DG2 2014-152)—Requesting \$2,200,000 (\$1,430,000 SRF loan; \$770,000 principal forgiveness) for replacement of water transmission lines and raw water pumps; recommended interest rate of 0.91% based on ATPI.
- Town of Livingston (DWF 2014-146)—Requesting a loan increase of \$250,000 for a total loan amount of \$450,000 for Water Treatment Plant improvements (upgrading finished water pumping capacity and installing lighting protection at all four water booster stations); recommended interest rate of 1.64% based on the ATPI.

Mr. Wilson made a motion to approve the clean water loan requests. Mr. Martin seconded the motion. The motion passed unanimously.

A roll-call vote was taken:

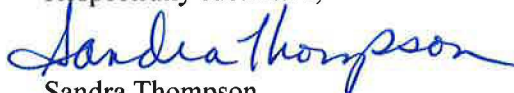
Mr. Lillard – Aye  
Mr. Wilson – Aye  
Mr. Martin – Aye  
Dr. Moore – Aye  
Mr. Hargett – Aye

The motion passed unanimously.

Mr. Wilson made a motion to adjourn the meeting. Mr. Hargett seconded the motion. The meeting was adjourned.

Approved on this 15<sup>th</sup> day of April, 2015.

Respectfully submitted,



Sandra Thompson  
Assistant Secretary